

# Mid-Week Markets Recap: May 6, 2026

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## Key Takeaways

- Palantir shares fall despite record growth in top and bottom-line financial figures
  - Coinbase CEO Brian Armstrong cites the capabilities of artificial intelligence as one of the driving forces behind his most recent layoff
  - The U.S.'s recent proposal to Iran appears to be the one most likely to gain traction so far
  - AMD's Q1 earnings release exhibits strong AI-driven demand that's here to stay
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## Palantir Falls Despite a Strong First Quarter

***“Despite reporting strong financial results and raising its forward guidance, Palantir still saw its shares decline”***

After the market closed on Monday, Palantir reported its largely-awaited first-quarter earnings results. For the quarter, the software company saw outsized revenue growth as well as profitability. Despite hitting record levels in these measures, and reporting figures above analysts' expectations, shares still fell.

For the first quarter, revenue grew 85% on a YOY basis and came in at \$1.63 billion. Consensus estimates were centered around \$1.53 billion. Of this \$1.63 billion, \$1.28 billion of it came domestically from the provision of services to the United States. This particular segment grew 104% on a YoY basis.

Similar to its top-line figures, the company's bottom-line figures also experienced a similar phenomenon. Adjusted EPS came in at \$0.33 per share in the first quarter, growing more than 150% from the prior year. Analysts' estimates were around \$0.28 per share. Alongside this bottom-line growth, Palantir also raised its full-year revenue guidance from \$7.65 billion to \$7.66 billion.

Despite this outsized performance, and raised expectations for the year, Palantir's shares still fell. The decline was driven by a myriad of factors, the primary of which was the compression of valuations that many software companies have gone through this year. This also came alongside a disappointing outlook for the year. While guidance was raised, it wasn't to the extent that investors had hoped, especially for a rapid-growth stock like Palantir. For companies like Palantir, strong fundamentals aren't enough. Investors don't just want to see growth, but also the ability for this growth to compound over the years. In the first quarter, Palantir saw the former, but not the latter, a pattern that partially explains why shares reacted the way they did. As of right now, it seems as if the company is walking on a really tight line where it has to navigate shifting investor sentiment towards the downside, and outsized growth expectations. Accomplishing such a task is difficult, but rewarding, and whether or not Palantir can do such a thing remains the question at hand.

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## Coinbase to Layoff 14% of its Workforce

***“Coinbase joins the likes of Snapchat, Amazon, and Meta with its most recent, AI-driven, workforce layoffs”***

Tuesday morning, Brian Armstrong, the CEO of Coinbase, announced plans to lay off around 14% of the company's workforce. The driving force of this move, according to Armstrong, was the need for increased cost

efficiency alongside the opportunity to further leverage artificial intelligence. Alongside this reduction, Armstrong also announced plans to restructure the company's organizational hierarchy. Following this announcement, shares advanced 4% higher to start the day.

The significance of this recent layoff is displayed through the manner in which it came about. In our case this manner is artificial intelligence. Since the early stages of AI development, markets have consistently posed the question of how the technology would come to impact the workforce, particularly within tech-related industries, and as of recently, they've gotten their answer. Coinbase is just one of many companies that have announced layoffs this year, driven, in part, by increased AI-adoption. An increasing amount of CEO's, including Brian Armstrong, have also started to commend the capabilities of artificial intelligence, and the ability to smoothly integrate it into one's operations. The downside of this leverage, however, is the layoffs we've seen, and given the rate at which they've occurred, there seems to be no signs of this trend stopping. It's important to note, however, that while this may be detrimental to those directly impacted, markets do not necessarily view it negatively. In fact, investors welcome shifts like this, as it allows companies to reduce costs in the long-term, which inevitably leads to an increase in corporate profits. Today's reaction to Coinbase's workforce reduction serves as a strong example of this, and based on what investors have seen so far, it is highly likely that these positive market responses to layoffs are only the beginning.

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## **Iran and the U.S. move closer towards a Resolution**

***“Iran and the U.S. move one step closer towards a resolution that would reopen the Strait of Hormuz and lift the U. S's Naval Blockade”***

Wednesday morning, news had broken out that Iran was evaluating a new proposal sent from the United States towards ending the ten-week war. Key points of this proposal included the gradual reopening of the Strait of Hormuz, alongside the removal of the U.S.'s naval blockade. President Trump later commented on this as well, stating that upon Iran's agreement the Strait would be open to all, “including Iran”. Following these developments equity markets advanced higher while yields and oil prices declined.

This recent proposal is just one of many that the U.S. has presented towards Iran, yet it's still received relatively high optimism. Throughout the past ten weeks of these wars, potential resolution talks have broken out, at an accelerated pace, yet nothing has been done. Today's market reaction, paired with social media activity from Iran and the U.S., however, suggest otherwise. In its current state, Iran's economy has faced immense pressure from the U. S's naval blockade, as it has not been able to sell the oil it's produced. Its production hasn't stopped, but its outflows have, which has inevitably led to an outsized amount of unused inventory. Iran in its current conditions, according to some, needs this resolution more than the U.S. does, and based on its reception to the current proposal, it's highly possible that this may be it. Whether or not Iran goes through remains to be seen, but for now it seems as if markets have started pricing this in.

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## **AMD Continues to Rise**

***“A strong first quarter which beat analyst expectations and confirmed the strength of AI-related demand allowed AMD to further advance”***

After markets closed on Tuesday, AMD reported its highly-anticipated Q1 earnings results. The past three months saw AMD exhibit strong financial performance amid heightened demand for data-center chips. Alongside this, AMD also lifted its outlook for the year, further reinforcing the strength of AI-related demand. Following this earnings release, shares of the chip-maker rose 11% in its after-market trading session.

For the first quarter, AMD delivered strong year-over-year growth, with revenue increasing 38% to reach \$10.25 billion. Consensus estimates were around \$9.89 billion. Of this \$10.25 billion, \$5.8 billion came from its Data Center segment, a segment that experienced 57% YoY growth. This was what investors were particularly looking out for, and the performance they saw went beyond expectations. AMD CEO, Lisa Su, further amplified this optimism, highlighting how the rise of Agentic AI has driven massive demand for CPUs. Prior to this comment, and this earnings release as a whole, Meta had entered into an agreement with AMD, in which the former plans to act as a lead customer for the latter's EPYC CPUs.

Outside of an exceptionally strong first quarter, AMD also guided towards an even stronger second quarter. For the quarter, AMD expects revenue to come in at \$11.2 billion, a rise of 9% from its first quarter, and approximately a 46% rise from a year prior. Consensus estimates, prior to this outlook, were around \$10.52 billion. Demand continues to grow at record levels and AMD's recent outlook confirms this. While the initial AI-based euphoria has faded away, investor appetite still remains, but in a nuanced way. Investors have shifted away from indiscriminately allocating capital to nearly every tech-related company and are now placing greater emphasis on businesses with strong underlying fundamentals. AMD's recent and expected performance is exactly what investors have been looking for, and its recent share performance helps confirm this.